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Will Chevron's New Rent Plan Catch On?
Fuel Oil Outlook: A Delicate Balance
How John Roscoe Gets POS Cash Up Front

NPN

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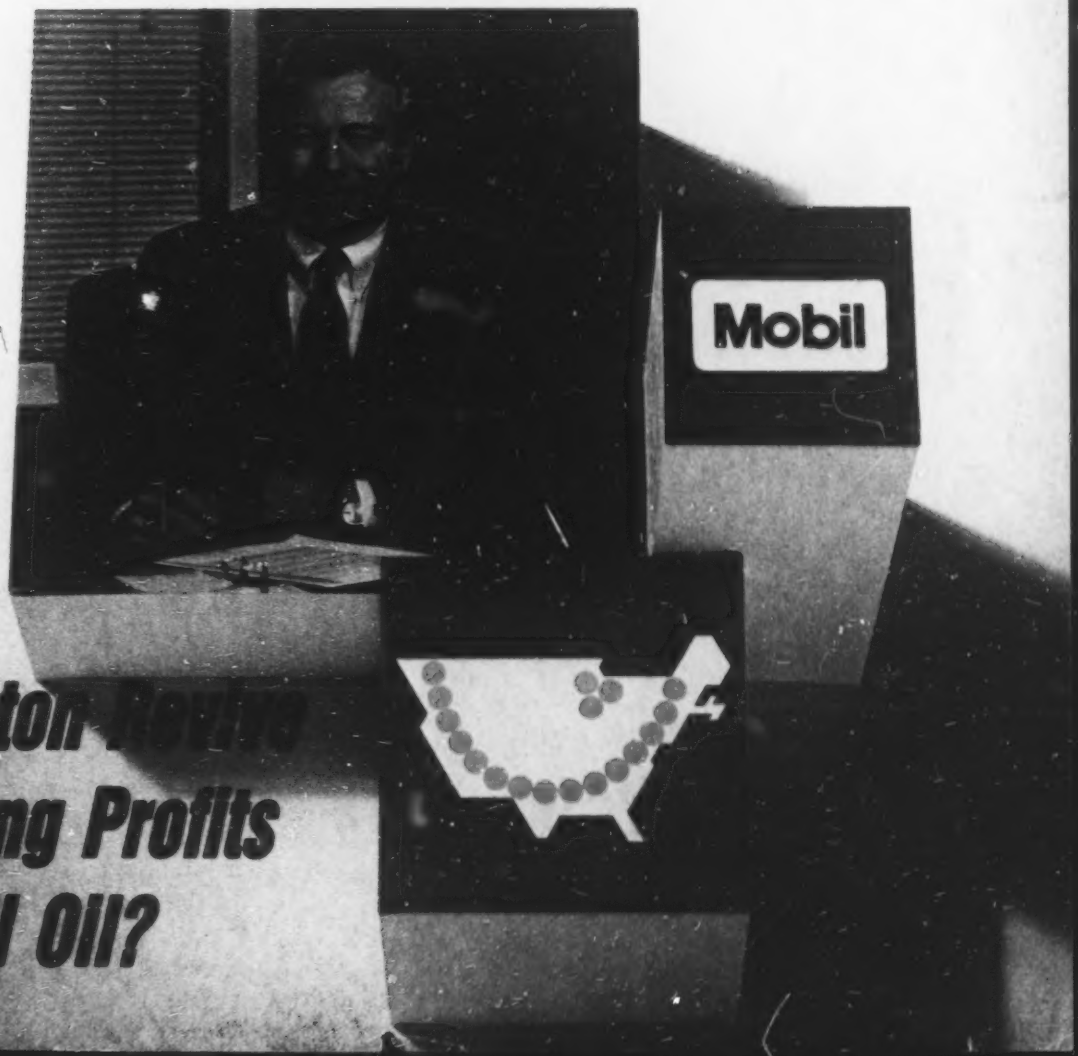

Can Hinton Revive Marketing Profits At Mobil Oil?

NATIONAL PETROLEUM NEWS

DECEMBER 1984 VOL. 76 NO. 12

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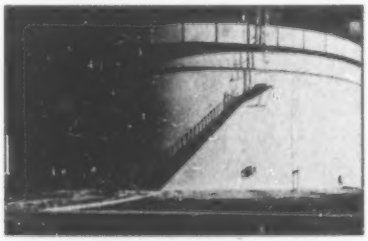
Mobil Oil, under marketing chief Joe B. Hinton, is hunkering down. Its plans for even more consolidation and a new five-year program for $500-million in station construction and face-lifting has the company bullish about its ability to combat its worthy competitors. **Page 40**

Cover by Claude Zajakowski, Chicago



With the abnormal twists of last year's heating season still fresh in their minds, the nation's fuel oil marketers began the 1984-85 heating season with their fingers crossed behind their backs, and are holding tight now as the so-called 'real' cold weather season begins for much of the country. **Page 48**

In one of the most innovative wrinkles yet in electronic payment systems connected to gasoline retailing, a California convenience-store chain plans to convert 115 gasoline facilities to a new 'Cash Card' system that permits cashiers to sell any dollar-and-cent amount of gasoline on a magnetic plastic card. **Page 46**

• TRENDS

Election Outcome Presages Similar, Not Same, Policies

Regardless of your political persuasion, the punch line for the 1984 election is the same: If you've enjoyed the last four years, you're going to love the next four. As the dust from the Reagan stampede and other races clears, it appears the oil industry will lock hands or horns with most of the same faces and policies.

At the same time, no industry or interest group will be immune to helping reduce a massive federal deficit.

When the "new" Congress has been sworn in and the inaugural parade is over, Ronald Reagan's support as president will be a little stronger than it was in 1980. But the hold his Congressional opponents have on the House and Senate will be a little tighter. In the Senate, where Reagan and the Republicans have had a majority, it will be a smaller, more fragile one. In the House, where things have never gone too well for the White House, conservative Republicans failed to regain many of the seats lost in 1982.

Closer to home, the major figures we've been writing about for the past four years—Reps. Bedell, Synar, Tauke, Sharp, Florio, Dingell, etc., Sens. Long, Stafford, etc. and cabinet members Ruckleshaus, Hodel, Dole, etc.—will be with us for awhile longer. Every cause in the industry that had a champion still has one.

Meanwhile, there *is* that massive federal deficit to be cut. For marketers, that means your personal and corporate tax bill won't be affected much, but it's time to watch things like the gasoline excise tax, Social Security tax, and similar special purpose revenue raisers. There is quite a lot of talk on Capitol Hill about a national sales tax, a value-added tax, perhaps a return of excise taxes on tires and motor oil, and conceivably a push mostly by Democrats for reviving the idea of an imported oil fee.

Tax code simplification probably is the biggest single loophole in the "I won't raise taxes" promise. You're tax bracket may be lower if the tax laws are simplified, but there will be fewer ways to deduct expenses and reduce taxable income. One major casualty probably will be interest deductions for businesses as well as individuals.

One environmental issue critical to marketers is the recently passed Resource Conservation and Recovery Act signed by President Reagan two days after the election. [*NPN*—Nov. '84, p16]. Few were guessing how vigorously the administration would enforce the new law or how much funding it would propose toward that enforcement. To be sure, though, key congressional backers of the bill remain on the Hill and ready to prod, if necessary.

Over the next four years, there will be some changes in the agencies. Since most of the independent bodies—most importantly the Federal Trade Commission—are made up of members with seven-year terms, Ronald Reagan will have had the opportunity to nominate all members of those commissions by the time he leaves office in 1988. That doesn't bode well for consumer activists—such as Michael Pertschuk at the FTC—who haven't had much clout but did have a public forum for dissent.

The Supreme Court is another place where the second term Reagan administration will have some clout. By some estimates, there could be four vacancies on the court in the next four years. That, in turn, could have a profound effect on interpretation of the current version of the Petroleum Marketing Practices Act if a substantial case arises, and could play a part in any legal challenge to EPA's accelerated lead phasedown rules, as well.

In Congress, it's a good bet the PMPA amendments will be reintroduced next year—nearly all the bill's co-sponsors will be back in the saddle—but the fate of the measure remains in doubt. First, a few intramural squabbles have marred the unified front that supposedly supports the bill—the Petroleum Marketers Assn. of America, in fact, is said to be reappraising that legislative approach. [See item on page 15.] Second, there's less reason to believe that the White House will be willing to compromise its "less government" ethic than there was this year.

The issue to watch may well be the EPA lead phasedown. The stage is set for a conclusive test of whether the Reagan administration will wield its election mandate or put it on a shelf somewhere to admire but not use. There's no doubt the phasedown will cause some economic mischief, and a case could be made that EPA is being hasty. (DOE, in fact, has made that argument already [*NPN*—Nov. '84, p16].) It can also be argued that if the government doesn't interfere, lead additives will fade away eventually as more vehicles are equipped with catalytic converters. Without the worry of re-election, will the White House give its unflagging support to EPA? The first clue may come in January, when the White House version of the fiscal 1985 budget is unveiled. —*Thomas Goldsmith*

• MARKETPLACE AT A GLANCE

AVERAGE GASOLINE PRICES IN THE U.S. (¢ per gal.)

SEPTEMBER	Gasoline (All types)	Leaded Regular	Unleaded Regular	Unleaded Premium
U.S. City Avg.	$1.189	$1.120	$1.203	$1.360
Regions:				
Northeast	1.193	1.120	1.192	1.343
North Central	1.200	1.146	1.224	1.404
South	1.183	1.108	1.199	1.351
West	1.178	1.104	1.191	1.368

Source: U.S. Dept. of Labor, Bureau of Labor Statistics.

STOCKS (Add 000 bbl.)

	11/2/84	11/4/83
Gasoline (total)	230,120	224,781
Gasoline (unleaded)*	108,981	93,639
Jet Kerosine	40,283	37,267
Distillates	155,116	161,550
Residual	51,169	47,527

**Included in gasoline total.*
Source: American Petroleum Institute.

Chevron/Gulf Deal OK'd, As Gulf Southeast Price Surfaces as 'Bargain'

Two big pieces of the Chevron/Gulf merger fell into place at the end of October when the federal government gave its final approval to the $13.3-billion deal and Standard Oil of Ohio put into writing its agreement with Chevron to buy Gulf's downstream assets in the Southeast.

Many industry observers were surprised at how low the Chevron purchase was ($690-million), as announced by Sohio [*NPN*—Nov. '84, p29]. When the

company agreed in late September to purchase the package—5,660 retail outlets, 29 product terminals, the 200,000-b/d Alliance, La., refinery, a lube plant and a coke plant—Chevron chairman George M. Keller described the deal as being "a little less than $1-billion"—the figure Chevron reportedly discussed with potential buyers earlier.

The Federal Trade Commission had ordered Chevron to divest some 4,200 stations in six southeastern states as a condition to FTC approval of the merger. Like any sale of Gulf assets by Chevron, the Sohio purchase is subject to commission approval.

The FTC in late October, indeed, gave the final go-ahead for the Chevron/Gulf takeover, restating that Chevron must operate Gulf's oil and gas assets independently until the government-mandated divestitures are completed. The crucial federal hurdle was cleared less than eight months after Gulf's board of directors voted to accept Chevron's bid [*NPN*—April '84, p20].

In addition, Chevron also must divest Gulf's 51% interest in the West Texas pipeline and its 17% interest in the Colonial pipeline, deals the company had not completed by early last month.

The FTC, as part of its final approval of the largest merger in U.S. corporate history, said it will closely watch the divestiture process and may require further spin-offs of Gulf assets if the commission believes it necessary. *NPN*

Majors' Third-Quarter Profits Shrink, Reflecting 'Quite Lousy' Pump Prices

Retail gasoline prices, which oil companies politely said were "highly competitive" but which analysts generally agreed were "quite lousy," were blamed for the many minus signs in this fall's crop of third-quarter and nine-month earnings reports.

Exxon, Amoco, Phillips and Diamond Shamrock were the only ones on the plus side. Union of California just about held its own with a less than 1% differential between this year and last.

For the first nine months of '84, about half of the top score of companies were still doing better than 1983, among them Exxon, Amoco, Shell, Phillips and Union.

Chevron, which acquired Gulf in June, said its equity amounted to $217-million in the third quarter, but after deduction of acquisition financing costs of $210-million the amount added to the company's third-quarter net was only $7-million. In like vein, Texaco said its equity in Getty, which it acquired earlier in the year, was $123-million in the third quarter and $273-million for the first nine months of 1984. It did not give further details.

U.S. Steel said Marathon Oil, which it bought two years ago, had after-tax earnings of $184-million in the third quarter, versus $238-million in the comparable period last year. Conoco, owned by Du Pont, was reported to have earned $21-million in refining, marketing and transportation in the third quarter, down 72% from last year's $74-million.

Arco and Ashland accounted for their big decreases by reporting heavy write-downs on selected assets.

Southland Corp., though not an oil company but nevertheless the nation's biggest independent gasoline marketer, said its C-stores did OK but its Citgo Petroleum Corp. division lost ground because of depressed gasoline prices. Southland was off 5.3% for the quarter but up 27.3% for the nine-month period.

Third-Quarter and Nine-Month Earnings

(Add $000)

Company	3rd Qtr. 1984	3rd Qtr. 1983	% Chng.	9 Mos. 1984	9 Mos. 1983	% Chng.
Exxon	$1,275.0	$1,225.0	4.1%	$4,100.0	$3,360.0	22.0%
Mobil	238.0	404.0	(41.1)	984.0	1,060.0	(7.2)
Texaco	235.0	331.0	(29.0)	858.0	977.0	(12.2)
Stand. of Ind.	600.0	584.0	2.7	1,718.0	1,409.0	21.9
Chevron	342.0	509.0	(32.8)	1,100.0	1,187.0	(7.3)
Atlan. Richfield	(519.0)	405.0	—	282.0	1,130.0	(75.0)
Shell	447.0	449.0	—	1,190.0	1,080.0	10.2
Gulf (a)	—	—	—	—	—	—
Tenneco	126.0	159.0	(20.8)	501.0	475.0	5.5
Stand. of Ohio	359.0	435.0	(17.5)	1,198.0	1,188.0	—
Phillips	217.0	176.0	23.3	641.0	474.0	35.2
Sun	122.0	167.0	(26.9)	402.0	392.0	2.3
Getty (b)	—	—	—	—	—	—
Union of Calif.	181.2	180.2	—	547.0	447.9	22.1
Amerada Hess	40.6	75.1	(45.9)	174.4	148.3	17.6
Dia. Shamrock	61.6	39.7	55.2	185.4	73.9	150.9
Ashland (c)	(240.9)	51.1	—	(172.5)	102.8	—
Kerr-McGee	21.6	39.7	(45.6)	99.7	101.3	(1.6)
Pennzoil	59.0	36.0	63.9	80.0	107.0	(25.2)
Murphy	25.3	39.8	(36.4)	75.2	108.0	(30.4)
Amer. Petrofina	1.8	23.0	—	27.8	32.0	(13.1)
Southland Corp.	56.9	60.1	(5.3)	129.6	101.8	27.3
Quaker State	8.8	9.3	(5.4)	21.4	27.5	(22.2)

(a) Included in Chevron report; (b) Included in Texaco report; (c) Fourth quarter and full year, fiscal ends 9/30.

Roscoe Changes Name Of His 'Shortstop' Chain

John Roscoe's 125 California convenience stores have been known since the beginning as "Shortstop," a name that many marketers consider catchy and appropriate. But now, Roscoe has changed the name to "Food and Liquor Store."

"We have liquor now in all but four stores and will soon have it in all our stores," he says. "We don't want to be thought of as a convenience store. We want to start getting the planned purchase rather than the drop-in purchase."

Roscoe also changed the name of his company. He says, "We decided the purpose of the company was to get and keep customers, so we're calling it, 'The Customer Co.' I want to be a place where people buy things. I want some volume. I'm tired of being poor." *NPN*

Rock Island Grabs Lead With 95-Octane Unld. At a 'Gloves Off' Price

Rock Island Refining has taken a commanding lead from every major supplier in the cross-country octane race with a premium unleaded "clocked" at 95.

Although the Indianapolis-based independent got off to somewhat of a slow start, its ethanol-blended product well exceeds the rating of its nearest competitor, Sun's 93.5-octane Ultra. But field reports say Rock Island is undercutting other majors' premium unleaded pump prices by as much as 10¢ gal.

Rock Island introduced the product in several of its home turf stations last July—months after Sun's Ultra and Amoco's 93-octane unleaded debuted in different markets. But since then, sales have been "going pretty well," according to a company spokesman, and marketing has expanded throughout Rock Island's eastern Great Lakes market place.

The company has 250 outlets in Indiana, Michigan and Ohio selling under the Golden Imperial, United, Colonial, Tulsa and Progressive brands. The product comes from Rock Island's 42,500-b/d Indianapolis refinery, which ran at roughly 75% of capacity nearing November.

The 10% ethanol/90% premium unleaded blend receives a 2.5% sales tax break in Indiana, a 3.5¢ gal. exemption in Ohio and a 4¢ gal break in Michigan. The latter, however, will shrink to 1¢ gal. on Jan. 1

The company also sells an 89-octane regular leaded and 87-octane regular unleaded product. Prior to July, Rock Island's premium unleaded measured at 91.5 octane.

"We were the last ones to be selling a high-octane unleaded product in this market. So, in a way, we were catching up," said a company spokesman. As of early November, Rock Island's only promotion had been point-of-sale pump toppers and driveway banners. "Until we see how sales progress, we aren't planning much in the way of promotion."

Maybe it doesn't need to. Subsidiary Wake-Up Oil, Indianapolis, has witnessed premium's volume through its 41 stations double from 5% to 10% of its gasoline sales, says Dave Hogshire.

Wake-Up prices roughly "a penny under the majors" on regular leaded, he says, with a 6¢ to 7¢ spread between it and unleaded regular and 5¢ to 6¢ between that and its unleaded premium. Hogshire said that at the end of October, his $1.23 gal. premium unleaded price for the 95-octane product was beating the Amoco 93-octane and Shell 92-octane SU 2000 prices by 10¢. NPN

Latest Station Count 21.4% Below 1977; Fuel Oil Dealer Population Falls 17.5%

Preliminary and incomplete returns from the U.S. Census Bureau's 1982 nose count of service stations and fuel oil dealers confirm the common wisdom that the population total is down but sales dollars are up—triple what they were only 10 years ago.

The initial reports, which are only now emerging from the government's distribution offices after innumerable delays, deal only with those businesses that have paid employees. Automatically excluded at this time, therefore, are the very small independents and the "mom and pop" establishments which have no formal payroll operations.

Full reports for the entire industry, which then would include the little places—of which there aren't nearly as many as there used to be—will not be available until sometime next summer, the Census Bureau says.

The bureau must complete 50 state profiles for all retail businesses before the expanded data can be totaled up. Only about six state profiles have been completed so far, so it looks like June or July before the last one comes out.

Since at least 80% of the service stations and 70% of the fuel oil dealerships have payrolls, the preliminary Census Bureau figures do offer a reasonable picture of what took place between 1982 and 1977. [For 1977 Census Bureau detail, see *NPN Factbooks 1980, 1981* and *1982*.]

Meantime, here are some of the highlights of the preliminary findings:

Service Stations

- In 1982, there were 116,154 service stations with payrolls, a decrease of 21.4% from 1977's total of 147,618 and a drop of 36.7% from the peak total of 183,385 in 1972.
- Total sales for service stations with payrolls in 1982 were $94.8-billion, compared with $53.9-billion in 1977 and $31.4-billion in 1972. Average sales per station were $816,000, with Nevada and Alaska topping them all at $1.2-million each. Mississippi was the lowest, with $577,000 per station.
- The number of paid employees in 1982 was 604,286, versus 675,130 in 1977 and 747,668 in 1972. Station payrolls totaled $4.8-billion in 1982, exactly $1-billion more than in 1977 and not quite $2-billion more than in 1972.

Service stations, as counted by the census people, are those establishments which generate 50% or more of their dollars from gasoline and oil products. Not taken into consideration in this and other Census Bureau data then, are the thousands of convenience stores, chain stores, garages and other business places.

About a year ago, *Lundberg Letter* estimated the total retail outlet population at 210,000 [*NPN*—Sept. '83, p12]. It's fair to assume that this total is closer to 200,000 now, in view of the continuing attrition in the service station industry.

Mathematical averages and ratios are simply educated guesses, but when the 21.4% service station decrease is applied to the 1977 universe of 177,560 stations, the "missing" 1982 total could well be 139,562. The *NPN 1984 Factbook*, using other estimates and calculations, offers a 1982 estimate of 144,690.

Fuel Oil Dealers

- There were 6,077 retail fuel oil establishments in 1982—down moderately from 1977's total of 7,368, 1972's total of 7,276, and 1967's peak of 7,763.
- Sales in 1982 were $11.9-billion, not quite double 1977's total of $6.6-billion and 1972's peak of $3.0-billion.
- Payrolls totaled $833.8-million in 1982, versus $630.3-million in 1977 and $438.3-million in 1972. Dealers employed 53,152 in 1982, 57,847 in 1977, and 56,605 in 1972.

Census statistics on the fuel oil business are not as extensive as those in the gasoline sector. In 1977, for the first time, the Census Bureau estimated the total fuel oil dealer population at 10,672. They had a total sales volume of $6.9-billion. As in the case of the gasoline business, data on the fuel oil universe will not be available until sometime next summer, when the state-by-state reports are completed.

LPG Dealerships

In still another preliminary report, the Census Bureau said there were 5,919 liquefied petroleum gas dealers with payrolls in 1982, down slightly from 1977's total of 6,477 and 1972's total of 6,466. The summary said 1982 sales were $4.8-billion, versus $2.9-billion in 1977 and $1.4-billion in 1972.

Average sales per dealership were $811,000 in 1982 compared with $455,000 in 1977. New Jersey had the highest average ($1.4-million) in 1982, while Hawaii was the lowest with $136,000. Payrolls in 1982 totaled $543-million for 39,186 employees; $373-million in 1972 for 39,646 employees; and $265-million in 1972 for 40,880 employees.

Texas led all the other states in 1982 with a payroll of $41-million for 3,078 employees.

Census Bureau Data—Service Stations/1982-1977[a]

	Establishments with payrolls		Sales		Annual payroll		Paid employees
	1982	1977	1982 ($1,000)	% change 1977 to 1982	1982 ($1,000)	% change 1977 to 1982	1982
United States	116,154	147,618	$94,832,469	75.9	$4,769,073	24.4	604,266
Alabama	2,001	2,631	1,172,677	62.2	54,846	11.6	7,626
Alaska	176	167	205,901	109.6	15,690	45.4	1,220
Arizona	1,204	1,535	1,306,398	102.1	62,277	39.2	7,544
Arkansas	1,216	1,631	766,587	79.3	40,955	25.4	5,339
California	10,624	13,215	10,521,934	86.9	517,631	36.5	64,733
Colorado	1,570	2,119	1,429,634	110.1	70,850	31.9	9,404
Connecticut	1,726	2,017	1,446,166	82.6	84,330	39.6	9,957
Delaware	300	394	265,531	69.0	11,783	17.9	1,571
District of Columbia	158	242	180,038	30.9	10,124	−15.5	1,137
Florida	5,504	6,363	4,778,928	107.4	243,650	54.4	29,419
Georgia	3,077	4,011	2,382,709	89.4	115,615	29.7	14,838
Hawaii	367	382	406,064	134.6	28,830	55.9	3,706
Idaho	494	661	352,934	69.4	16,753	25.3	2,408
Illinois	5,132	6,781	4,590,544	56.1	234,275	3.8	28,256
Indiana	3,167	4,143	2,726,474	66.7	129,531	10.4	16,302
Iowa	2,064	2,781	1,374,662	54.0	72,267	7.2	9,512
Kansas	1,511	2,033	1,067,528	70.1	57,614	21.5	7,118
Kentucky	2,119	2,753	1,553,143	61.7	74,706	11.6	9,688
Louisiana	1,972	2,417	1,534,832	89.2	77,925	37.5	10,479
Maine	640	767	385,238	65.3	20,894	29.2	2,909
Maryland	1,877	2,249	1,999,672	68.1	111,816	22.3	13,801
Massachusetts	2,962	3,468	2,318,222	85.2	116,424	27.3	16,662
Michigan	4,130	5,684	3,992,341	59.1	172,141	6.7	22,045
Minnesota	2,228	2,801	2,044,267	78.4	103,413	25.6	13,296
Mississippi	1,191	1,557	686,888	64.7	36,261	31.8	4,902
Missouri	2,944	4,041	2,228,484	57.6	117,632	10.9	14,608
Montana	528	752	399,439	60.4	22,171	17.6	2,923
Nebraska	1,129	1,426	743,218	49.0	39,232	1.8	5,206
Nevada	476	582	564,273	94.3	31,843	51.5	3,592
New Hampshire	547	637	399,472	70.3	20,215	25.8	2,692
New Jersey	4,157	4,597	3,154,818	83.5	162,251	32.2	20,117
New Mexico	780	1,067	645,949	88.4	32,993	26.7	4,248
New York	6,328	7,973	4,404,389	53.7	238,695	12.5	28,003
North Carolina	3,049	4,085	1,896,100	56.4	91,469	15.1	11,545
North Dakota	422	540	362,675	91.3	21,528	36.4	2,650
Ohio	5,904	7,800	5,303,649	75.5	236,688	8.3	30,714
Oklahoma	1,599	2,306	1,138,925	93.5	61,394	44.1	7,963
Oregon	1,492	1,852	1,107,522	78.0	58,710	30.9	7,598
Pennsylvania	5,781	7,253	4,275,721	58.3	208,024	14.5	29,618
Rhode Island	515	610	370,096	77.1	17,648	31.9	2,352
South Carolina	1,666	2,267	1,198,102	81.5	55,875	26.8	7,635
South Dakota	533	666	356,755	58.9	17,190	7.4	2,343
Tennessee	2,490	3,305	1,957,688	81.7	92,960	23.5	11,607
Texas	8,213	10,384	6,574,282	101.3	342,696	48.8	41,777
Utah	842	993	657,296	86.6	31,218	33.6	4,392
Vermont	359	455	217,379	64.1	12,339	35.5	1,731
Virginia	2,652	3,371	2,460,271	72.1	127,107	21.4	15,510
Washington	2,146	2,669	1,697,039	84.5	85,391	36.2	10,569
West Virginia	1,061	1,343	709,115	57.1	35,544	19.8	4,617
Wisconsin	2,701	3,304	2,109,613	77.3	103,871	27.1	13,929
Wyoming	430	538	398,618	95.4	22,842	49.0	2,475

(a) Preliminary report for establishments with payrolls; data for universe will not be available until summer 1985.
Source: U.S. Census Bureau, 1982 Census of Wholesale Trade, Preliminary Report.

Census Bureau Data—Fuel Oil Dealers/1982-1977[a]

	Establishments with payrolls		Sales		Annual payroll		Paid employees
	1982	1977	1982 ($1,000)	% change 1977 to 1982	1982 ($1,000)	% change 1977 to 1982	1982
United States	6,077	7,368	$11,937,189	80.2	$833,825	32.3	53,152
Alabama	7	12	6,602	94.4	330	−3.2	33
Alaska	39	45	91,459	(D)	6,080	(D)	270
Arizona	6	5	728	6.0	75	−22.7	7
Arkansas	7	10	12,755	267.2	467	94.6	39
California	24	31	19,362	169.2	1,267	72.1	113
Colorado	9	13	4,584	5.9	237	−41.6	23
Connecticut	365	408	803,357	102.7	63,272	51.9	3,489
Delaware	51	63	106,702	93.8	6,196	14.0	440
District of Columbia	10	10	75,995	(D)	4,957	(D)	280
Florida	130	158	106,472	69.4	8,462	21.2	839
Georgia	16	20	21,736	202.4	1,065	72.3	106
Hawaii	1	3	(D)	(D)	(D)	(D)	(D)
Idaho	12	23	4,991	−47.7	365	−50.1	56
Illinois	89	150	144,773	6.5	6,300	−45.5	398
Indiana	89	122	117,856	15.5	6,383	−14.7	492
Iowa	48	61	45,232	50.6	2,797	15.4	199
Kansas	20	23	14,873	95.2	1,015	25.8	88
Kentucky	31	33	22,223	116.5	1,332	62.8	117
Louisiana	9	15	8,586	88.5	566	22.8	48
Maine	201	235	357,388	71.3	21,679	24.4	1,702
Maryland	130	152	367,717	110.5	25,371	44.8	1,696
Massachusetts	778	870	1,324,084	87.1	100,356	39.2	6,353
Michigan	131	199	183,896	35.6	10,705	1.1	1,023
Minnesota	96	125	145,753	(D)	7,773	(D)	656
Mississippi	9	12	2,616	94.8	201	54.6	28
Missouri	41	57	31,658	37.5	1,567	−.3	167
Montana	8	7	2,482	(D)	189	(D)	17
Nebraska	16	18	13,482	(D)	654	(D)	75
Nevada	7	7	16,038	106.4	1,476	53.3	76
New Hampshire	140	169	246,321	109.6	20,579	70.8	1,491
New Jersey	531	629	1,197,062	68.4	91,763	29.4	5,309
New Mexico	1	4	(D)	(D)	(D)	(D)	(D)
New York	997	1,272	2,833,398	78.0	206,540	34.3	11,007
North Carolina	259	336	250,658	40.5	15,605	9.3	1,327
North Dakota	32	28	36,348	183.3	1,729	84.7	143
Ohio	130	146	157,122	89.2	8,203	33.0	609
Oklahoma	17	19	4,578	51.8	385	40.0	35
Oregon	61	98	129,341	43.7	9,537	−5.1	658
Pennsylvania	599	659	1,410,330	88.3	92,224	36.9	6,276
Rhode Island	151	174	247,866	95.3	18,809	31.2	1,260
South Carolina	82	101	81,310	69.6	4,248	19.3	399
South Dakota	25	24	17,788	(D)	1,066	(D)	110
Tennessee	15	18	16,577	50.5	758	−7.0	79
Texas	50	61	68,509	84.2	3,323	5.7	244
Utah	11	6	31,283	(D)	1,256	(D)	97
Vermont	92	107	139,509	62.5	10,375	25.2	752
Virginia	211	250	505,425	127.3	32,560	47.8	2,433
Washington	118	195	215,233	75.7	17,716	19.4	937
West Virginia	14	13	16,719	167.3	868	.5	70
Wisconsin	158	167	280,685	98.7	14,904	38.6	1,062
Wyoming	3	5	2,308	(D)	123	(D)	13

(a) Preliminary report for establishments with payrolls; data for universe will not be available until summer 1985. (D) Data withheld by Census Bureau to avoid disclosing data for individual companies.
Source: U.S. Census Bureau, 1982 Census of Wholesale Trade, Preliminary Report.

Secondary brands, Mobil's response to the indie onslaught, are branding back up.

have to have is the best configuration to make a profit."

Mobil isn't ready to embrace the C-store route, as have many other major marketers. It's more comfortable with its snack shop approach, which is roughly 500 square feet of space in which customers can buy sandwiches, hot foods, milk, bread, cigarettes and similar low-scale, fast turn-over items. Attractive signage urges motorists to stop in for all sorts of tasty specials and even such non-edible commercial items as "oil to go," either by the can or by the carton.

Properly operated service bays are good profit centers too, Hinton says, and "we're trying to stay with a high level of these at the Mobil stations so people can get everything they need."

Jobber Legacy

Hinton was visibly enthusiastic about Mobil's "partnership" with its jobbers.

"We have always been in favor of them," he said. "We have more than 1,800 jobbers now, of whom it's safe to say at least 1,200 have been with us for more than 10 years. It used to be that jobbers handled about 18% of our business. Today it's almost twice that—35% to be a bit more specific."

Mobil used to have a lot more jobbers than it has today. *NPN Factbooks* show that the total was around 3,000 jobbers and commission agents in 1972. Now, as Hinton noted, the total is around 1,800.

There are good reasons for this change in numbers, Hinton said. "First, Mobil did withdraw from the Rockies and the Plains states and we lost some jobbers there, naturally. There were a certain number of switches in other markets too, like West Texas and New Mexico. Probably the main reason, however, is the changing face of the jobber industry itself. There have been all sorts of buyouts and mergers through the years—we're all aware of those things—and where maybe there used to be three distributors, there's only one who's three times his former size."

The big point, said Hinton, is that there are fewer of them but they are handling twice as much product as in 1972 when the population was 1,000 more.

Hinton said Mobil is actively looking around for jobber business today. "We believe there are opportunities available for both of us," he said.

In discussing relationships, the marketing executive said the company holds two distributor meetings a year, at which any distributor can ask any question he wants to. Said Hinton with a grin: "We can stand the questions, if they can stand the answers."

One of his goals is to find some sort of a solution to the problems that often crop up between the commercial and the distributor sides of the business. "I'm not sure how it can be done, but we want to eliminate the conflict that exists," he said.

Mobil is not alone in having conflicts between the commercial and distributor segments of the marketing business as both go after big volume accounts. Distributors generally go right up the wall when big accounts sometimes are taken away by the commercial departments with price commitments they cannot afford to match.

Hinton stressed that distributors will have to seek the same high levels of efficiency that it and other oil companies are shooting for constantly.

"The rewards go to those who are the most efficient," he said, "and that applies upstairs and downstairs. We've all got to use the modern technologies that are available . . . the computers and the electronic equipment . . . and recognize that industry is no longer people-intensive."

To illustrate his point, he turned around from his desk to face a computer terminal and screen. "It used to be that marketing executives like myself had to wait several days to get sales figures for stations, regions, classes of trade and so on. All I have to do now is ask the right questions, punch the right keys and I have it all in front of me in a matter of seconds. Just about anything I want to know, including prices, trends and futures markets; anything and everything, just like that."

Again that grin: "It's a new world, a new technology. No more green eye shades and hand-made reports." NPN

Another Pickens Raid?

Rumors were flying in mid-November that T. Boone Pickens Jr., the Texan who forced Gulf Oil to merge with Chevron, might be preparing an unfriendly takeover of Mobil or one of three other oil companies—Sun Union or Phillips.

Neither Pickens nor Mobil management would say much about the rumors.

Wall Street sources claim that the Mesa Petroleum chairman has lined up the type of legal and financial talent necessary for a large corporate takeover attempt. There was speculation, also, that Pickens might be putting together basically the same team of financial backers that took part in his attempted takeover at Gulf.

Trading in Mobil stock in November was about double what it was earlier in the year.

Where Mobil Stands In Today's Marketplace

In terms of assets:

Exxon	$69.9-billion
Mobil	35.2-billion
Texaco*	27.2-billion
Amoco	25.8-billion
Chevron*	24.1-billion

**The Texaco and Chevron positions may be revised when their acquisitions of Getty and Gulf, respectively, and mandated spinoffs are completed.*

In 1983 gasoline gallonage:

Amoco	7.3-billion gal.
Shell	7.1-billion gal.
Exxon	7.0-billion gal.
Texaco	5.9-billion gal.
Mobil	5.8-billion gal.

By national shares:

Amoco	7.23%
Shell	6.97
Exxon	6.90
Texaco	5.80
Mobil	5.69

By 1983 service station totals:

Exxon	18,707
Texaco	18,692
Amoco	17,800
Mobil*	15,403
Gulf	15,103

**Includes Sello, Reelo, Hi-Val, Big-Bi and Lo-Lo secondary brands.*

By branded jobbers (1983):

Amoco	1,923
Mobil	1,803
Phillips	1,751
Total Petro.	1,380
Texaco	1,176

By sales and earnings (1983):

	Net Sales	Earnings
Exxon	1	1
Mobil	2	7
Texaco	3	8
Amoco	4	2
Chevron	5	4

conference at Alexandria, Va., an event which drew a SRO audience and generated considerable excitement and enthusiasm [*NPN*—Oct. '84, p62].

In mid-September, PMAA and the Department of Energy collaborated on an all-day research and development seminar in Washington—the first time in 15 years that the fuel oil industry has had an opportunity to see or do anything about such an important facet of its basic business.

More than 100 fuel oil marketers, including a representative from Canada, several equipment manufacturers and industry associations participated in the seminar, whose prime purpose was to update the industry on government research in oil heat equipment. At the same time, it gave the government an indication of the industry's interest in continuation of the programs underway or projected.

There is no question that the seminar was a resounding success. The intensity of the questions and discussions in the post-presentation periods convinced the government participants that the oil heat industry indeed was exceedingly interested in all of its R & D.

One result is that the government plans to hold another seminar next spring or summer. It will be designed to attract a much larger audience and participation by marketers and equipment manufacturers and, hopefully, refiners. Only one refiner representative had planned to attend the September meeting but even he did not check in for the proceedings.

The first seminar was heavily technical in nature and was intended primarily to update the heating oil industry on the various programs it has been running at its Brookhaven National Laboratory, Long Island, N.Y., in recent years.

Covered were such subjects as fuels and combustion, condensing heating systems, low-firing rate systems, and retrofit technology.

Dugald Stewart, Griffin-Galbraith Fuel Co., Tacoma, Wash., and chairman of PMAA's heating oil committee, presided over the sessions, which ran all day in DOE's Forrestal building auditorium. Originally scheduled for a much smaller room, the meeting site was switched to accommodate the overflow of fuel oil marketers and industry people.

A. J. Streb, a DOE deputy director, welcomed the group and "all the help, knowledge and advice you can give us."

Robert Lynch, executive vice president of Empire State Petroleum Assn., and long a leader in oil heat promotion, chided refiners for their lack of support in industry affairs.

"When you have suppliers who take no responsibility to promote a product, no responsibility to conserve it, no responsibility for research, and basically no interest in it, you set it up as a punching bag . . . which is essentially what has happened to heating oil."

Nevertheless, he said, "This meeting is recognition that we're not going out of business. It is a big start. Next year will be even bigger and better." *NPN*

Heating Oil's Rough Road To Continue, Study Says

Uncompromisingly tough, a new study by the Petroleum Industry Research Foundation projects a gloomy future for oil heat in the space-heating markets.

Using Department of Commerce data for the 10-year period of 1974-1983, the research organization noted in its October report that electricity and natural gas are continuing to gain shares in the housing markets, while oil heat's share continues to erode.

This is true, the study states, in both new construction and in the basic inventory of all single-family homes.

It said that in the Northeast, almost half of the homes are still heated with oil, "but oil heat has shown a steady decline since 1974. . . . Gas heat is likely to become the predominant heating fuel in the near future in this region, having reached 42% of all homes in 1981."

Nationwide, oil heat still keeps 15-million home owners comfortable and happy, according to the study.

The study mentioned that electricity has regularly accounted for about half of the total heating installations in new single-family homes, but it also pointed out that the biggest hunk of the construction is taking place in the South where heating requirements are low and the negative aspects of higher fuel costs are offset by the lower capital cost of equipment and the short seasonal usage.

Share of Market—New Single-Family Homes

		Units Completed (000)	Gas (%)	Electricity (%)	Oil (%)	Other (%)
U.S.	1974	940	41	49	9	1
	1978	1,369	37	52	8	3
	1983	921	44	49	2	6
Northeast	1974	132	29	39	32	0
	1978	141	16	34	43	8
	1983	106	38	36	17	8
North Central	1974	220	51	36	12	1
	1978	300	50	36	11	4
	1983	140	66	25	0	9
South	1974	397	27	67	4	1
	1978	571	27	69	3	2
	1983	475	35	62	0	3
West	1974	191	66	33	0	0
	1978	357	52	45	0	3
	1983	200	53	40	0	8

Source: Petroleum Industry Research Foundation/U.S. Department of Commerce.

Share of Market—All Single Family Homes

	Units (000)	Gas (%)	Electricity (%)	Oil (%)	Other (%)
U.S.					
1974	70,346	62	12	24	2
1978	76,570	61	16	21	2
1981	82,586	61	19	18	3
Northeast					
1974	16,277	37	4	57	2
1978	16,944	38	6	55	2
1981	17,840	42	7	48	3
North Central					
1974	18,983	77	5	17	1
1978	20,159	77	8	14	1
1981	21,558	77	10	11	2
South					
1974	22,315	60	21	16	3
1978	24,895	57	26	13	3
1981	27,248	55	30	11	4
West					
1974	12,769	75	16	7	1
1978	14,571	72	21	5	2
1981	15,940	70	24	4	3

Source: Petroleum Industry Research Foundation/U.S. Department of Commerce.